



USF Government Services Exemption

November 15, 2011

- **Harris CapRock (formerly CapRock Communications, Inc.) is a wholly owned subsidiary of Harris Corporation providing fully managed, end-to-end communication solutions for operations in remote and harsh environments.**
 - Teleports on six continents and five 24/7 Network Operations Centers
 - 60+ satellites delivering nearly 4 GHz of leased satellite capacity
 - Solutions deployed in 140+ countries
- **Advanced solutions for current and emerging applications.**
 - Multi-band portability services – C, Ku, X and Ka-bands
 - Off-the-shelf and custom-developed solutions
 - Research, design, engineering, operations and maintenance services
- **Comprehensive communications knowledge and IT resources**
 - 16,000+ total Harris Corporation employees worldwide
 - 1,200+ Harris CapRock employees focused exclusively on remote communications
 - 7,000+ scientists and engineers across Harris Corporation

Harris CapRock Markets Served



Energy



Providing reliable communications to land-based and offshore energy, mining and engineering & construction customers to support real-time applications and the collaboration of critical data.

Government



Delivering fully managed, secure communications solutions to government and military customers with defense, intelligence, emergency response, and humanitarian aid missions.

Maritime

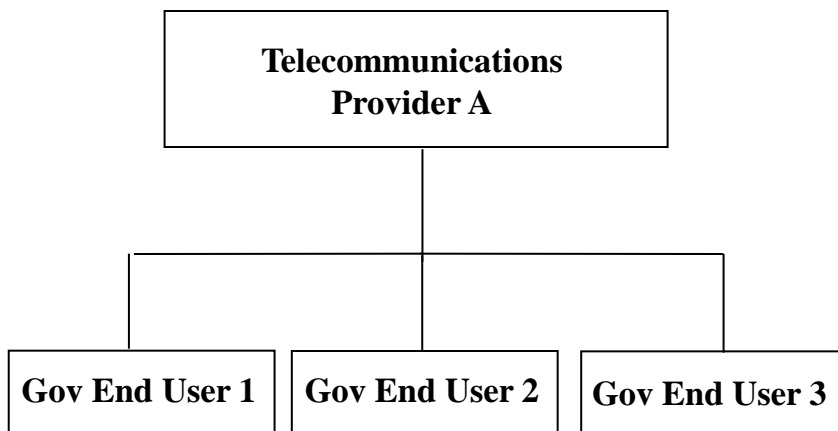


Supplying communications platforms for at-sea operations that enable corporate networking, crew morale solutions and robust connectivity services.

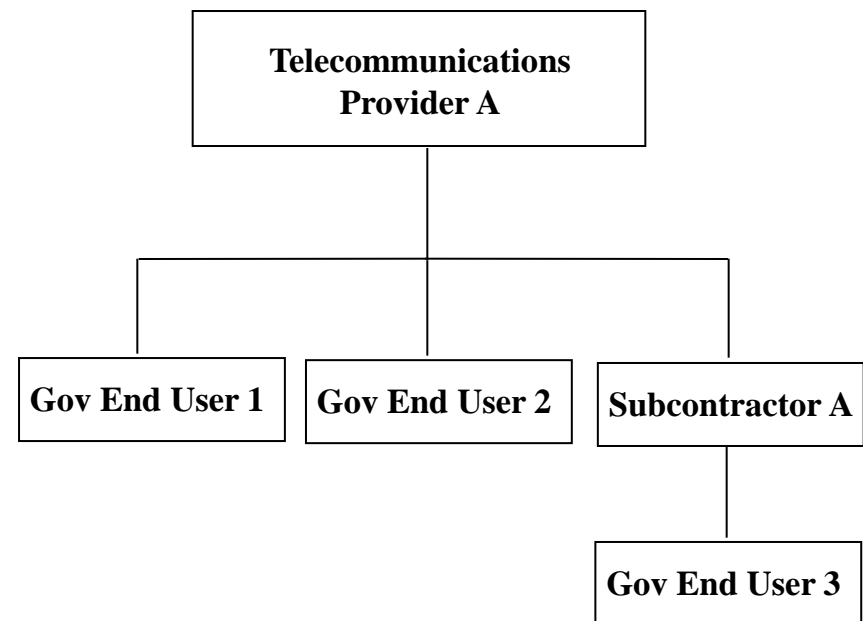
A Majority of Harris CapRock's Services Are International

- **Petition for Clarification or Declaratory Ruling (WC Docket No. 06-122; filed 9/15/2009; Public Notice 9/28/2009)**
 - The USF “Government Services” Exemption should be determined to apply to both primes and subcontractors.
 - Exemption would still be limited to providers who only serve government end-users.
 - Proceeding complete, immediately actionable.
 - Consistent with Federal-State Joint Board on Universal Service, 12 FCC Red. 8776, 11800 (1997).
 - “If an entity provides interstate telecommunications exclusively to public safety or government entities and does not offer services to others, that entity is not required to contribute” to universal service.*
- **Harris CapRock Supports Declaratory Ruling**
 - Harris CapRock offers unique commercial and government services, but through separate and distinct operating entities (Harris CapRock Communications, Inc. and CapRock Government Solutions, Inc.).
 - Entities providing interstate telecommunications exclusively to public safety or government entities, either as a prime contractor **or as a subcontractor**, should be exempt from USF contributions.

Scenario 1:



Scenario 2:



Government End User 3 is the end user in both scenarios, application of the USF “Government Services” Exemption in both scenarios would be equitable.

- **Harris CapRock supports FCC action in the form of a Declaratory Ruling**
 - Promotes competitive neutrality.
 - Prime/subcontractor arrangement is a common aspect of the government services marketplace that should not be hampered arbitrarily.
 - Subcontracting is essential to providing high-quality, specialized “niche” services on an efficient basis to government end-users.
 - Increases service options for government end-users through enhanced competition.
 - Reduces government IT expenses in a time when cost control is critical to government budgets.
 - Exemption would still be limited to providers who only serve government end-users.

- Opposition: “the rationale for the exemption is debatable.”
 - **Exemption would minimize telecommunications costs for governments and first responders, which the federal government has recognized as a key to reducing deficits.**
- Opposition: Exemption was only to ensure that government agencies purchasing telecommunications instead of self-procuring them were not “arbitrarily penalized.”
 - **But in practice government agencies are “arbitrarily penalized” if served by subcontractors.**
 - **Subcontractor services are often needed to respond to niche service requirements.**
- Opposition: Not “practical” to ensure prime contractor is limited to serving government entities
 - **Many subcontracts already specify that the services will be re-sold only to government users.**
 - **Establishing business and contracting structures clearly delineating between commercial and government services is easily implemented.**